

FAIR WORK OMBUDSMAN

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FAIR WORK OMBUDSMAN

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Fair Work Ombudsman is an independent statutory office created by the *Fair Work Act 2009* on 1 July 2009.

The Fair Work Ombudsman promotes harmonious, productive and cooperative workplace relations and ensures compliance with Commonwealth workplace laws and does this by:

- offering people a single point of contact for them to receive accurate and timely advice and information about Australia’s workplace relations system
- educating people working in Australia about their workplace rights and obligations
- investigating complaints or suspected contraventions of workplace laws, awards and agreements
- litigating to enforce workplace laws and to deter people from not complying with their workplace responsibilities.

The strategic focus of the Fair Work Ombudsman in 2013–14 is to ensure that there is increased compliance with Commonwealth workplace laws through educating and advising employees, employers, outworkers, outworker entities and organisations about the federal workplace relations system.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1 Agency resource statement – Budget estimates for 2013–14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget = 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary Annual Services¹				
Departmental				
Departmental appropriation	54,091	112,988	167,079	125,262
s31 Relevant agency receipts ²	-	-	-	-
Total ordinary annual services A	54,091	112,988	167,079	125,262
Other services³				
Departmental non-operating				
Equity injections	21,033	3,459	24,492	2,807
Total other services B	21,033	3,459	24,492	2,807
Total Available Annual Appropriations	75,124	116,447	191,571	128,069
Special Appropriations				
Total Special Appropriations C	-	-	-	-
Total Appropriations excluding Special Accounts	75,124	116,447	191,571	128,069
Special Accounts				
Total Special Accounts D	-	-	-	-
Total resourcing	75,124	116,447	191,571	128,069
A+B+C+D				
Less appropriations drawn from annual or special appropriations	-	-	-	-
Total net resourcing for Fair Work Ombudsman	75,124	116,447	191,571	128,069

¹ Appropriation Bill (No. 1) 2013-14

² s31 Relevant Agency receipts - estimate

³ Appropriation Bill (No. 2) 2013-14

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to the Fair Work Ombudsman are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2 Agency 2013–14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Targeted savings - public service efficiencies	1					
Departmental expenses		(687)	(920)	(844)	(812)	(791)
Total		(687)	(920)	(844)	(812)	(791)
457 Visa Program - compliance activities by the Fair Work Ombudsman	1					
Departmental expenses		-	837	842	850	858
Total		-	837	842	850	858
National workplace relations system funding for the Office of the Fair Work Ombudsman — continuation	1					
Departmental expenses		-	6,361	6,400	6,456	6,519
Total		-	6,361	6,400	6,456	6,519
Queensland Working Women's Service — additional funding	1					
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	-
Total expense measures						
Departmental		(687)	6,278	6,398	6,494	6,586
Total		(687)	6,278	6,398	6,494	6,586

Prepared on a Government Finance Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the actions taken to deliver the Government's stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Fair Work Ombudsman in achieving Government outcomes.

Outcome 1

Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement

Outcome 1 strategy

The workplace rights and obligations of employees, employers, outworkers, outworker entities and organisations are protected and enforced through a mix of targeted compliance and education activities, investigation of breaches of workplace laws with a focus on voluntary compliance and, where necessary, litigation in the courts as a means of both general and specific deterrence.

The Fair Work Ombudsman provides a single national point of contact for accurate advice on the federal workplace relations system.

The Fair Work Ombudsman provides advice and information on workplace relations matters through the Fair Work Infoline. Fair Work Ombudsman advisors are located in contact centres in a number of states and provide advice on a range of matters including wage rates and conditions of employment.

As part of its ongoing educative role, the agency undertakes education and compliance campaigns and provides information services and best practice guides. The educational and compliance campaigns are run at national, state and local levels and target particular industries or geographical locations.

The Fair Work Ombudsman has appointed a number of staff as Fair Work Inspectors. These officers are located in all states and territories and investigate complaints received regarding alleged instances of non-compliance with federal workplace relations laws. In the majority of instances compliance with workplace relations laws is achieved voluntarily and is assisted by targeted and industry specific auditing activities. Litigation activities are used when and as required, particularly in cases where breaches have significant consequences, when they affect a vulnerable group or when a person does not acknowledge that the problem requires rectification.

The Fair Work Ombudsman makes public statements about its enforcement activities to educate and ensure it has the trust of the Australian community and to foster general deterrence.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1 Budgeted expenses and resources for Outcome 1

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.	2012-13 Estimated Actual Expenses \$'000	2013-14 Estimated Expenses \$'000
Program 1: Education Services and Compliance Activities		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1) ¹	126,662	114,288
Expenses not requiring Appropriation in the Budget year ²	10,684	11,120
Total for Program 1	137,346	125,408
Outcome 1 Totals by Appropriation type		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1) ¹	126,662	114,288
Expenses not requiring Appropriation in the Budget year ²	10,684	11,120
Total Expenses for Outcome 1	137,346	125,408
Average Staffing Level (number)	723	693

¹ Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

² Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, Makegood Expense, Audit Fees.

Contributions to Outcome 1

Program 1: Education Services and Compliance Activities

Program objective

To educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws.

Linked to: The Fair Work Ombudsman and Fair Work Australia were created under the *Fair Work Act 2009*. Fair Work Australia was renamed the Fair Work Commission on 1 January 2013 under the *Fair Work Amendment Act 2012*. The Fair Work Ombudsman and the Fair Work Commission develop cooperative approaches to the delivery of services to employees, employers and organisations.

Table 2.1.1 Program 1 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Annual Departmental Expenses:					
Departmental Items	126,662	114,288	114,615	113,754	113,326
Expenses not requiring Appropriation in the Budget year	10,684	11,120	10,800	11,102	9,599
Total Departmental Expenses	137,346	125,408	125,415	124,856	122,925

Program 1 deliverables

The deliverables of the Fair Work Ombudsman are to:

- provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance
- investigate claims regarding alleged breaches of workplace laws and undertake targeted activities
- litigate, where necessary, to enforce compliance with workplace laws.

Table 2.1.1A Program 1 deliverables

Deliverables	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forw ard year 1 \$'000	2015-16 Forw ard year 2 \$'000	2016-17 Forw ard year 3 \$'000
Education, investigation, provision of advice and information services	137,346	125,408	125,415	124,856	122,925

Program 1 key performance indicators

The key performance indicators for the Fair Work Ombudsman are outlined in the following table and cover the key activities of education, advice and information services and investigations.

Table 2.1.1B Program 1 key performance indicators

Key performance indicators	2012-13 Revised budget	2013-14 Budget target	2014-15 Forw ard year 1	2015-16 Forw ard year 2	2016-17 Forw ard year 3
Number of targeted campaigns:					
National	4	4	4	4	4
State (number of campaigns in each state/ territory)	2	2	2	2	2
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (percentage of total complaints)	80	80	80	80	80
Calls to the Contact Centre resolved at the first point of contact (percentage of total calls)	80	80	80	80	80
Availability of Contact Centre services (percentage of availability during advertised hours)	99	99	99	99	99
Availability of Website (time available as a percentage of total time)	99	99	99	99	99

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013–14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Fair Work Ombudsman has no administered funds appropriations. For this reason Table 3.1.1 is not presented.

3.1.2 Special Accounts

Table 3.1.2 Estimates of Special Account flows and balances

	Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies - <i>Financial Management and Accountability Act 1997 s.20 (Unclaimed Wages)</i>	1				
	1,851	200	100		1,951
	1,751	200	100	-	1,851
Total Special Accounts 2013-14 Budget estimate	1,851	200	100	-	1,951
<i>Total Special Accounts 2012-13 estimated actual</i>	1,751	200	100	-	1,851

3.1.3 Australian Government Indigenous Expenditure

The Fair Work Ombudsman has no specific Indigenous expenses. For this reason Table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2013–14 Budget year, including amounts related to meeting future employee entitlement obligations.

3.2.2 Analysis of budgeted financial statements

The Fair Work Ombudsman is budgeting for an operating loss equal to the unappropriated depreciation and amortisation expense of \$11.0 million for the 2013–14 financial year.

Total revenues are estimated to be \$114.4 million and total expenses \$125.4 million.

Total assets at the end of the 2013–14 financial year are estimated to be \$93.5 million. The majority of the assets represent receivables (appropriations receivable) and property fit outs. Asset acquisitions are planned in Information Technology equipment and systems and on office accommodation fit outs.

Total liabilities for 2013–14 are estimated at \$38.5 million. The largest liability item is accrued employee entitlements.

3.2.3 Budgeted financial statements tables

Table 3.2.1 Comprehensive income statement (showing net cost of services) (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
EXPENSES					
Employee benefits	73,012	74,104	74,762	76,988	79,280
Suppliers	53,750	40,284	39,953	36,866	34,146
Depreciation and amortisation	10,584	11,020	10,700	11,002	9,499
Total expenses	137,346	125,408	125,415	124,856	122,925
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	1,100	1,000	1,000	500	250
Other revenue	300	300	300	300	300
Total revenue	1,400	1,300	1,300	800	550
Gains					
Resources free of charge	100	100	100	100	100
Total gains	100	100	100	100	100
Total own-source income	1,500	1,400	1,400	900	650
Net cost of (contribution by) services	135,846	124,008	124,015	123,956	122,275
Revenue from Government	125,262	112,988	113,315	112,954	112,776
Surplus (Deficit) attributable to the Australian Government	(10,584)	(11,020)	(10,700)	(11,002)	(9,499)
Total comprehensive income attributable to the Australian Government	(10,584)	(11,020)	(10,700)	(11,002)	(9,499)

Note: Impact of Net Cash Appropriation Arrangements

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total comprehensive income (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	10,584	11,020	10,700	11,002	9,499
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	(10,584)	(11,020)	(10,700)	(11,002)	(9,499)

Prepared on Australian Accounting Standards basis.

Table 3.2.2 Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,164	2,164	2,164	2,164	2,164
Trade and other receivables	75,823	71,219	66,252	66,252	66,252
Total financial assets	77,987	73,383	68,416	68,416	68,416
Non-financial assets					
Land and buildings	15,786	16,518	14,821	9,891	6,196
Infrastructure, plant and equipment	612	1,427	2,939	1,533	500
Intangibles	6,611	2,107	902	593	256
Other	58	58	58	58	58
Total non-financial assets	23,067	20,110	18,720	12,075	7,010
Total assets	101,054	93,493	87,136	80,491	75,426
LIABILITIES					
Provisions					
Employees	20,092	20,092	20,092	20,092	20,092
Other	4,748	4,748	4,748	4,748	4,748
Total provisions	24,840	24,840	24,840	24,840	24,840
Payables					
Suppliers	13,658	13,658	13,658	13,658	13,658
Total payables	13,658	13,658	13,658	13,658	13,658
Total liabilities	38,498	38,498	38,498	38,498	38,498
Net assets	62,556	54,995	48,638	41,993	36,928
EQUITY*					
Parent entity interest					
Contributed equity	85,039	88,498	92,841	97,198	101,632
Reserves	1,039	1,039	1,039	1,039	1,039
Retained surpluses or (accumulated deficits)	(23,522)	(34,542)	(45,242)	(56,244)	(65,743)
Total parent entity interest	62,556	54,995	48,638	41,993	36,928
Total equity	62,556	54,995	48,638	41,993	36,928

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3 Departmental statement of changes in equity – summary of movement
(Budget year 2013–14)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(23,522)	1,039	-	85,039	62,556
Adjusted opening balance	(23,522)	1,039	-	85,039	62,556
Income and expense					
Surplus (deficit) for the period	(11,020)	-	-	-	(11,020)
Total income and expense recognised directly in equity	(11,020)	-	-	-	(11,020)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Departmental Capital Budget (DCBs)	-	-	-	3,459	3,459
Sub-total transactions with owners	-	-	-	3,459	3,459
Estimated closing balance as at 30 June 2014	(34,542)	1,039	-	88,498	54,995

Prepared on Australian Accounting Standards basis.

Table 3.2.4 Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,100	1,000	1,000	500	250
Appropriations	133,012	117,877	118,569	113,243	113,068
Other	300	300	300	300	300
Total cash received	134,412	119,177	119,869	114,043	113,618
Cash used					
Employees	72,724	81,167	80,573	78,363	79,235
Suppliers	53,650	33,406	34,329	35,680	34,383
Total cash used	126,374	114,573	114,902	114,043	113,618
Net cash from (or used by) operating activities	8,038	4,604	4,967	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	10,845	8,063	9,310	4,357	4,434
Total cash used	10,845	8,063	9,310	4,357	4,434
Net cash from (or used by) investing activities	(10,845)	(8,063)	(9,310)	(4,357)	(4,434)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,807	3,459	4,343	4,357	4,434
Total cash received	2,807	3,459	4,343	4,357	4,434
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) financing activities	2,807	3,459	4,343	4,357	4,434
Net increase (or decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	2,164	2,164	2,164	2,164	2,164
Cash at the end of the reporting period	2,164	2,164	2,164	2,164	2,164

Prepared on Australian Accounting Standards basis.

Table 3.2.5 Departmental capital budget statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	2,807	3,459	4,343	4,357	4,434
Total capital appropriations	2,807	3,459	4,343	4,357	4,434
Represented by:					
Purchase of non-financial assets	2,807	3,459	4,343	4,357	4,434
Total represented by	2,807	3,459	4,343	4,357	4,434
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	2,580	-	-	-	-
Funded by capital appropriations - DCB	5,265	8,063	9,310	4,357	4,434
Internally funded from departmental resources	3,000	-	-	-	-
TOTAL	10,845	8,063	9,310	4,357	4,434

¹ Does not include annual finance lease costs. Includes purchases from current and previous years Departmental Capital Budgets.

² Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts (for FMA agencies only)
- proceeds from the sale of assets

Prepared on Australian Accounting Standards basis.

Table 3.2.6 Statement of non-financial asset movements – departmental (2013-14)

	Infrastructure,				Total \$'000
	Land and Buildings	Plant & Equipment	Intangibles	Other	
	\$'000	\$'000	\$'000	\$'000	
as at 1 July 2013					
Gross book value	37,536	1,683	19,167	58	58,444
Accumulated depreciation/amortisation	(21,750)	(1,071)	(12,556)	-	(35,377)
Opening net book balance	15,786	612	6,611	58	23,067
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
by purchase or internally developed	6,971	997	95	-	8,063
Sub-total	6,971	997	95	-	8,063
Other Movements					
Depreciation/amortisation expense	(6,239)	(182)	(4,599)	-	(11,020)
as at 30 June 2014					
Gross book value	44,507	2,680	19,262	58	66,507
Accumulated depreciation/amortisation	(27,989)	(1,253)	(17,155)	-	(46,397)
Closing net book balance	16,518	1,427	2,107	58	20,110

Prepared on Australian Accounting Standards basis.

Table 3.2.7 Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	300	300	300	300	300
Total non-taxation	300	300	300	300	300
Total revenues administered on behalf of Government	300	300	300	300	300
Total income administered on behalf of Government	300	300	300	300	300
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Total expenses administered on behalf of Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.8 Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	546	546	546	546	546
Other financial assets	-	-	-	-	-
Total financial assets	546	546	546	546	546
Total assets administered on behalf of Government	546	546	546	546	546
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.9 Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	300	300	300	300	300
Total cash received	300	300	300	300	300
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) operating activities	300	300	300	300	300
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) financing activities	-	-	-	-	-
Net increase (or decrease) in cash held	300	300	300	300	300
Cash from Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
- other	(300)	(300)	(300)	(300)	(300)
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10 Schedule of non-financial asset movements – administered

The Fair Work Ombudsman has no administered non-financial assets.

3.2.4 Notes to the financial statements

Accounting policy

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group.

Agency revenue from Government

Revenue from Government represents the purchase of outputs from the Fair Work Ombudsman by the Government.

Agency revenue – own source income

Revenue from the sale of goods and services is recognised upon the delivery of the goods or services to customers.

Agency expenses – employee benefits

This item represents payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

Agency expenses – suppliers

This item represents payments to suppliers for goods and services.

Agency expenses – depreciation and amortisation

Property, plant, equipment and intangible assets are written-off to their estimated residual values over their estimated useful lives to the Fair Work Ombudsman using, in all cases, the straight-line method of depreciation.

Computing equipment assets are depreciated over their useful lives which are between three and seven years. Office machines are depreciated over five years (20 per cent). Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Forward estimates of depreciation expense are made using forecasts of net capital acquisition requirements over the forward years.

Agency assets – financial assets – cash

Cash represents notes and coins held and deposits at call with a bank or financial institution.

Agency assets – financial assets – receivables

Receivables represent amounts owing to the Fair Work Ombudsman for goods and services it has provided to external parties and cash reserves held in the Official Public Account.

Agency assets – non-financial assets

These items represent future economic benefits that the Fair Work Ombudsman will consume in producing outputs. Apart from re-valued assets, the reported value represents the purchase price paid less depreciation incurred to date in using that asset.

Infrastructure, plant and equipment is initially brought to account at cost, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Internally developed or purchased computer software, disclosed in the Departmental Balance Sheet as intangibles, is expensed in the year of acquisition except for purchased software costing more than \$2,000 or for internally developed software costing more than \$200,000 which are capitalised at cost.

Land and buildings (leasehold improvements) are initially brought to account at cost, except for purchases costing less than \$2,000, which are expensed in the year of acquisition. The Fair Work Ombudsman annually reassesses and adjusts the values of land and buildings (leasehold improvements), infrastructure, plant and equipment.

Agency liabilities – provisions – employees

Provision has been made for the Fair Work Ombudsman's liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses unpaid wages and salaries, annual and long service leave. No provision is made for sick leave.

The liability for leave expected to be settled within 12 months has been measured at the nominal amount.

Other employee entitlements payable later than one year have been estimated at the present value of the expected future cash outflows in relation to those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements have been taken into account in calculating the provision for employee entitlements.

Agency liabilities – payables – suppliers

This item mainly comprises trade creditors and operating lease rentals.

Administered non-taxation revenue – other sources

This revenue comprises court awarded penalties relating to breaches of the *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government.

Administered assets – financial assets – receivables

These assets comprise receivables relating to court awarded penalties for breaches of the *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government.

Administered cash flows

These cash flows relate to court awarded penalties for breaches of the *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government and are paid directly into the Consolidated Revenue Fund.